

# MARICOPA ASSOCIATION OF GOVERNMENTS

## INFORMATION SUMMARY... for your review

**DATE:**

November 14, 2012

**SUBJECT:**

Cost Summary of Responses on 3-1-1 Interactive Voice Response Request for Information

**SUMMARY:**

At the June 26, 2012 meeting of the 3-1-1 Business Plan Committee, members discussed draft business requirements for an Interactive Voice Response (IVR) system to handle 3-1-1 calls. The committee directed the Technology Advisory Group to use the draft document to develop a Request for Information to establish a stronger cost estimate that the group could use for determining how to proceed. The Technology Advisory Group created a task force of subject matter experts to create and review Request for Information (RFI) responses and several members of the 3-1-1 Business Plan Committee were also included on the task force.

RFI responses were received on October 29, 2012 and the task force has reviewed and summarized the information. There was a wide variation in costs provided for each type of solution, but the group focused on the costs they felt represented the most likely scenarios. The costs given assume a fully implemented system and do not include the option of having one of the agencies add the IVR to their existing system. The ongoing costs of such an option would be analogous to an on premise system with a reduced initial year outlay. Other assumptions are detailed below.

	Hosted System	On-Premise System
Definition	In a hosted system, all hardware and software resides with the vendor. The vendor will be responsible for the upgrade and maintenance of the system.	On-premise systems reside at an agency that is part of the system and require the hosting agency to take responsibility for upgrades, hardware refresh and maintenance. On-premise systems will also require phone lines.
Total First Year Price Range	\$402,000 to \$1.724M	\$516,000 to \$792,000
Total Ongoing Price Range	\$384,000 to \$1.617M	\$469,000 to \$513,000
Estimated Cost of Implementation including Hardware and Software	\$37,000	\$128,000
Estimated Cost of Annual Maintenance	\$0	\$23,000

	Hosted System	On-Premise System
Estimated Annual Costs due to lines and subscription fees	\$5,000	\$50,000
Estimated Usage Fees	\$120,000	\$0
Estimated Cost of Handling Operator Calls	\$192,000	\$192,000
Estimated Staff Required	1 FTE to train, onboard agencies and generate reports \$70,000	1 FTE to train, onboard agencies and generate reports 1 FTE to support the IVR System \$164,000
Estimated Administrative Overhead (15% non-implementation costs)	\$58,000	\$64,000
Total Estimated First Year Costs	\$482,000	\$621,000
Total Estimated Ongoing Annual Costs	\$445,000	\$493,000
Five Year Cost	\$2.262M	\$2.593M
Considerations at Year 5+	Contract would need to be renewed or reprocured, potentially resulting in paying the start up fees again.	Hardware and software refresh required.
Scaling Considerations	The usage fees and operator calls are the only areas subject to significant variation with the number of participating agencies.	The monthly line charges and operator calls are the only areas subject to significant variation with the number of participating agencies.
Scaling Example: (500,000 calls per year)	Lower usage fees and fewer operator calls	Fewer lines and operator calls
Scaling Example: Total Estimated First Year Costs	\$280,000	\$474,000
Scaling Example: Total Estimated Ongoing Costs	\$243,000	\$376,000

**Assumptions:**

- Pricing assumes full implementation at all agencies with a total of 1.5M calls per year.
- Operators are assumed to handle 64 calls per hour because people were either unable or unwilling to navigate the voice recognition system.
- If per-minute charges apply to the duration of the call, all calls were assumed to be 5 minutes.

- If the per-minute charges applied only to the time in the IVR, the time in the IVR was assumed to be 1 minute.
- Busy hour call volume was assumed to be 2000 for purposes of sizing systems.
- Operator service is assumed to be available only during normal business hours (8-5 M-F)

**PUBLIC INPUT:**

None.

**PROS & CONS:**

PROS: None at this time.

CONS: None at this time.

**TECHNICAL & POLICY IMPLICATIONS:**

TECHNICAL: None at this time.

POLICY: None at this time.

**ACTION NEEDED:**

Information, discussion and recommendation to forward the cost summary to the 3-1-1 Business Plan Committee.

**PRIOR COMMITTEE ACTIONS:**

None.

**CONTACT PERSON:**

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